

CITY OF LOWDEN

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

TABLE OF CONTENTS

		<u>Page</u>
Officials		3
Independent Auditor's Report		4-5
Management's Discussion and Analysis		6-10
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets - Cash Basis	A	12
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	13
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	14
Notes to Financial Statements		15-19
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Govern- mental Funds and Proprietary Funds		21
Notes to Required Supplementary Information - Budgetary Reporting		22
Other Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Govern- mental Funds	1	24
Schedule of Indebtedness	2	25
Schedule of Expenditures of Federal Awards	3	26
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		27-29
Independent Auditor's Report on Compliance with Require- ments Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		30-31
Schedule of Findings and Questioned Costs		32-36

CITY OF LOWDEN

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Reuben Wenndt	Mayor	Jan. 2008
Charles Ryan	Mayor Pro tem	Jan. 2008
Lisa Decker	Council Member	Jan. 2008
Robert Madden	Council Member	Jan. 2008
Galen Conrad	Council Member	Jan. 2010
James Olson	Council Member	Jan. 2010
Peggy Kedley	City Clerk	Indefinite
Kent Strackbein	City Treasurer	Indefinite
William J. Sueppel	Attorney	Indefinite

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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Elkader, Iowa 52043

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lowden, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Lowden's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by activity of the cash basis net assets and by fund of the cash balances at July 1, 2006.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by activity of the cash basis net assets and by fund of the cash balances at July 1, 2006, as discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lowden as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 11, 2008 on our consideration of the City of Lowden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 10, and 21 and 22 are not required parts of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. We applied limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Lowden's basic financial statements. Other supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the cash balances at July 1, 2006, as it relates to Schedule 1, as discussed in the third paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elkader, Iowa
January 11, 2008

Dietz, Donald & Company
Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

CITY OF LOWDEN
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Lowden provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow. Please keep in mind, however, that information presented for the fiscal year ended June 30, 2006 has not been subjected to audit.

2007 FINANCIAL HIGHLIGHTS

- The cash basis net assets for the City's governmental funds increased due primarily to the receipt of donations for the day care facility which had not been disbursed at June 30, 2007.
- The cash basis net assets for the City's business type activities increased due primarily to the effect of increased water and sewer rates.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussions within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, and general government. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer and waste collection systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option Sales Tax, 3) the Capital Projects Fund and 4) the Permanent Fund. The governmental fund financial statement provides a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City

maintains three Enterprise Funds to provide separate information for the water, sewer and garbage funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's cash balance for governmental activities increased \$ 76,036 from a year ago, from \$ 198,528 to \$ 274,564. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year Ended in June 30,	
	2007	2006
Receipts:		
Program receipts:		
Charges for service	\$ 49	31
Operating grants, contributions and restricted interest	78	88
Capital grants, contributions and restricted interest	354	0
General Receipts:		
Property tax	172	165
Unrestricted interest on investments	3	2
Local option sales tax	38	28
Loan proceeds	302	0
Other general receipts	7	10
Total receipts	<u>1,003</u>	<u>324</u>
Disbursements:		
Public safety	53	57
Public works	98	79
Culture and recreation	92	60
Community and economic development	579	22
General government	105	120
Total disbursements	<u>927</u>	<u>338</u>
Increase(decrease) in cash basis net assets	76	(14)
Cash basis net assets beginning of year	<u>199</u>	<u>213</u>
Cash basis net assets end of year	<u>\$ 275</u>	<u>199</u>

The cash basis net assets for the City's governmental activities increased due primarily to the receipt of donations for the day care facility which had not been disbursed at June 30, 2007.

Changes in Cash Basis Net Assets of Business Type Activities
(Expressed in Thousands)

	<u>Year Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 105	85
Sewer	80	68
Garbage	44	47
General receipts:		
Unrestricted interest on investments	2	0
Miscellaneous	2	0
Total receipts	<u>233</u>	<u>200</u>
Disbursements:		
Water	53	112
Sewer	32	36
Garbage	53	42
Total disbursements	<u>138</u>	<u>190</u>
Increase in cash basis net assets	95	10
Cash basis net assets beginning of year	<u>104</u>	<u>94</u>
Cash basis net assets end of year	<u>\$ 199</u>	<u>104</u>

The City's cash balance for business type activities increased \$ 94,799 to \$ 199,373. The increase was due primarily to the effect of increased water and sewer rates.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Lowden completed the year, its governmental funds reported a combined fund balance of \$ 274,564, an increase of approximately \$ 76,000 from last year's total of \$ 198,528. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$ 35,446 from the prior year to \$ 69,255. The major reason for this decrease was due to a \$ 17,500 payment on the note for baseball diamond lights at Lowden Memorial Park and \$ 10,000 in other improvements at the park.
- The Local Option Sales Tax Fund cash balance increased \$ 37,703 from fiscal 2006. It was previously required that all revenues go towards retirement of principal and interest on the County Law Enforcement Center notes dated June 1, 2000 and August 23, 2000. These notes have been retired and no disbursements were made from this fund in fiscal 2007.
- The Emergency Rescue Fund increased by \$ 1,143 to \$ 29,531 at June 30, 2007.
- The Capital Projects, Day Care Facility Fund increased by \$ 76,922, approximately the same amount as the \$ 77,000 in contributions the fund received for the day care facility.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased by \$ 54,355 to a balance of \$ 5,499, due primarily to an increase in water rates in fiscal year 2004.
- The Sewer Fund cash balance increased by \$ 49,801 to \$ 175,810, due primarily to an increase in sewer rates in fiscal year 2004.
- The Garbage Fund cash balance decreased by \$ 9,357 to \$ 18,064, due primarily to an increase in expenses such as fuel in fiscal year 2007.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City of Lowden annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The City's certified budget is prepared on the cash basis. The City of Lowden amended its certified budget once in fiscal year 2007, increasing budgeted disbursements by \$ 525,000, primarily for the construction of the day care facility. These additional costs were absorbed by a Community Development Block Grant and United States Department of Agriculture (USDA) revenue notes.

The budget was exceeded due to disbursements in the public works and culture and recreation functions.

DEBT ADMINISTRATION

At June 30, 2007, the City had a \$ 319,415 outstanding balance in a revenue note anticipation loan incurred during the construction of the day care facility. On July 19, 2007, this anticipation loan was retired with the issuance of \$ 330,000 of USDA revenue notes at 4.25%.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City has no outstanding general obligation debt. The City's constitutional debt limit is approximately \$ 1,450,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Lowden's elected and appointed officials and citizens considered many factors, such as the economy, inflation and City needs, when setting the fiscal year 2008 budget, tax rates and fees charged for various City activities.

Amounts available for appropriation in the operating budget for fiscal year 2008 are \$ 624,433. Budgeted disbursements are expected to decrease since most of the day care facility was completed in fiscal year 2007. Other disbursements are not expected to change significantly.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Peggy Kedley, City Clerk, P.O. Box 310, Lowden, Iowa 52255.

BASIC FINANCIAL STATEMENTS

CITY OF LOWDEN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the Year Ended June 30, 2007

Exhibit A

Functions/Programs: Governmental activities:	Program Receipts				Net(Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Disbursements	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Public safety	\$ 52,472	13,976	871	0	(37,625)	0	(37,625)
Public works	98,053	5,295	66,176	0	(26,582)	0	(26,582)
Culture and recreation	92,260	28,805	10,856	0	(52,599)	0	(52,599)
Community and economic development	579,296	0	0	354,403	(224,893)	0	(224,893)
General government	104,968	1,394	0	0	(103,574)	0	(103,574)
Total governmental activities	927,049	49,470	77,903	354,403	(445,273)	0	(445,273)
Business type activities:							
Water	53,154	105,359	0	0	0	52,205	52,205
Sewer	31,845	79,453	0	0	0	47,608	47,608
Garbage	53,301	43,944	0	0	0	(9,357)	(9,357)
Total business type activities	138,300	228,756	0	0	0	90,456	90,456
Total	\$ 1,065,349	278,226	77,903	354,403	(445,273)	90,456	(354,817)

General Receipts:
Property tax and other city tax levied for:

General purposes
Tax increment financing
Local option sales tax
Unrestricted interest on investments
Anticipation loan proceeds
Miscellaneous

Total general receipts

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets:

Restricted:

Streets

Pire and rescue

Library

Memorial Park

Cemetery

Day care center construction

Other purposes

Unrestricted

Total cash basis net assets

147,331	0	147,331
24,605	0	24,605
37,703	0	37,703
3,143	2,193	5,336
301,815	0	301,815
6,712	2,150	8,862
521,309	4,343	525,652
76,036	94,799	170,835
198,528	104,574	303,102
\$ 274,564	199,373	473,937
7,245	0	7,245
38,492	0	38,492
6,826	0	6,826
17,312	0	17,312
19,377	0	19,377
77,327	0	77,327
38,730	0	38,730
69,125	199,373	268,528
\$ 274,564	199,373	473,937

See notes to financial statements.

CITY OF LONDON
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2007

Exhibit B

	Special Revenue				Capital Projects		Nonmajor	Total
	General	Local Option Sales Tax	Emergency Rescue	Day Care Facility				
Receipts:								
Property tax	\$ 142,229	0	0	0	0	0	0	142,229
Tax increment financing	24,605	0	0	0	0	0	0	24,605
Other city tax	5,102	37,703	0	0	0	0	0	42,805
Licenses and permits	1,355	0	0	0	0	0	0	1,355
Use of money and property	8,012	0	866	0	0	1,246	0	10,124
Intergovernmental	20,081	0	0	0	0	66,176	0	363,660
Charges for service	2,465	0	0	0	0	25,779	0	2,465
Miscellaneous	11,248	0	0	77,000	0	0	0	114,027
Total receipts	215,097	37,703	866	354,403	93,201			701,270
Disbursements:								
Operating:								
Public safety	52,472	0	0	0	0	0	0	52,472
Public works	16,005	0	0	0	0	82,048	0	98,053
Culture and recreation	68,008	0	0	0	0	24,252	0	92,260
Community and economic development	0	0	0	579,296	0	0	0	579,296
General government	104,968	0	0	0	0	0	0	104,968
Total disbursements	241,453	0	0	579,296	106,300			927,049
Excess (deficiency) of receipts over (under) disbursements	(26,356)	37,703	866	(224,893)	(13,099)			(225,779)
Other financing sources (uses):								
Anticipation loan proceeds	0	0	0	301,815	0	0	0	301,815
Operating transfers in	0	0	277	0	0	8,813	0	9,090
Operating transfers out	(9,090)	0	0	0	0	0	0	(9,090)
Total other financing sources (uses)	(9,090)	0	277	301,815	8,813			301,815
Net change in cash balances	(35,446)	37,703	1,143	76,922	(4,286)			76,036
Cash balances beginning of year	104,701	1,027	28,388	405	64,007			198,528
Cash balances end of year	\$ 69,255	38,730	29,531	77,327	59,721			274,564
Cash Basis Fund Balances								
Unreserved	\$ 69,255	0	0	0	0	0	0	69,255
General fund	0	38,730	29,531	0	0	40,344	0	108,605
Special revenue funds	0	0	0	77,327	0	0	0	77,327
Capital projects fund	0	0	0	0	0	19,377	0	19,377
Permanent fund	0	0	0	0	0	0	0	0
Total cash basis fund balances	\$ 69,255	38,730	29,531	77,327	59,721			274,564

CITY OF LOWDEN
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 PROPRIETARY FUNDS
 As of and for the Year Ended June 30, 2007

	Enterprise			Total
	Water	Sewer	Garbage	
Operating receipts:				
Charges for service	\$ 105,359	79,453	43,944	228,756
Miscellaneous	2,150	0	0	2,150
Total operating receipts	107,509	79,453	43,944	230,906
Operating disbursements:				
Business type activities	53,154	31,845	53,301	138,300
Excess (deficiency) of operating receipts over (under) operating disbursements	54,355	47,608	(9,357)	92,606
Non-operating receipts:				
Interest on investments	0	2,193	0	2,193
Net change in cash balances	54,355	49,801	(9,357)	94,799
Cash balances beginning of year	(48,856)	126,009	27,421	104,574
Cash balances end of year	\$ 5,499	175,810	18,064	199,373
Cash Basis Fund Balances				
Unreserved	\$ 5,499	175,810	18,064	199,373

See notes to financial statements.

CITY OF LOWDEN

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(1) Summary of Significant Accounting Policies

The City of Lowden is a political subdivision of the State of Iowa located in Cedar County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Lowden has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Cedar County Assessor's Conference Board, Cedar County Emergency Management Commission, Cedar County Landfill Commission, Cedar County Joint E911 Service Board and Eastern Iowa Regional Housing Authority Commission.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Local Option Sales Tax Fund is used to account for local option sales tax receipts and disbursements.

The Emergency Revenue Fund is used to account for fundraisers, contributions and city appropriations which are used for EMT equipment.

Capital Projects, Day Care Facility Fund is to account for the construction costs of the City's new day care facility.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Garbage Fund accounts for the operation and maintenance of the City's solid waste disposal system.

C. Measurement Focus and Basis of Accounting

The City of Lowden maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the public safety and general government functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City. At June 30, 2007, all investments mature in 300 days or less.

(3) Bank Loans

The City has obtained interim financing to finance the construction of a day care facility. At June 30, 2007 the outstanding balance of this interim financing was \$ 319,415.

On July 19, 2007, the City issued \$330,000 of revenue notes at 4.25% and paid off the above interim financing. These notes will be amortized with a monthly payment of \$ 1,462 beginning August 1, 2009 and ending July 1, 2047. In addition, the City must make \$ 147 monthly transfers to a reserve fund until the balance reaches \$ 17,544. The reserve fund can be used to make loan payments if the Enterprise, Day Care Facility Fund has insufficient balances to make payments. Also, the City must make \$ 688 monthly transfers to a depreciation fund. This fund can be used for maintenance of the day care facility.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2007 was \$ 5,794, equal to the required contribution for the year.

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows

Transfer to	Transfer from	Amount
Special Revenue:		
Emergency Rescue	General	\$ 277
Volunteer Fire	General	<u>8,813</u>
Total		<u>\$ 9,090</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(6) Related Party Transactions

The City had business transactions between the City and City officials totaling \$ 2,290 during the year ended June 30, 2007.

(7) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the fiscal year ended June 30, 2007.

(8) Development Agreement

The City has entered into a development agreement to assist in an urban renewal project. The City agreed to rebate 80% of the incremental tax paid by a developer in exchange for certain public improvements related to the development of housing made by the developer. The incremental tax to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated for a period of fifteen years, beginning December 1, 2001. The total to be paid by the City under this agreement is not to exceed \$ 199,068.

During the year ended June 30, 2007, the City rebated \$ 19,740 of incremental tax under this agreement. The maximum remaining balance at June 30, 2007 was \$ 127,381.

(9) Subsequent Events

In July, 2007, the City issued \$ 330,000 of revenue notes to provide permanent financing for the construction of a day care center.

In October, 2007, the City approved the purchase of a fire tanker for approximately \$ 99,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOWDEN
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2007

	Governmental Funds		Proprietary Funds		Total		Budgeted Amounts		Final to Total Variance
	Actual		Actual				Original	Final	
Receipts:									
Property tax	\$ 142,229		0		142,229		141,083	141,083	1,146
Tax increment financing collections	24,605		0		24,605		23,000	23,000	1,605
Other city tax	42,805		0		42,805		48,511	48,511	(5,706)
Licenses and permits	-1,355		0		1,355		1,650	1,650	(295)
Use of money and property	10,124		2,193		12,317		3,600	3,600	8,717
Intergovernmental	363,660		0		363,660		159,808	684,808	(321,148)
Charges for service	2,465		228,756		231,221		243,800	243,800	(12,579)
Miscellaneous	114,027		2,150		116,177		4,400	4,400	11,777
Total receipts	701,270		233,099		934,369		625,852	1,150,852	(216,483)
Disbursements:									
Public safety	52,472		0		52,472		53,531	53,531	1,059
Public works	98,053		0		98,053		82,065	82,065	(15,988)
Culture and recreation	92,260		0		92,260		61,544	61,544	(30,716)
Community and economic development	579,296		0		579,296		75,000	600,000	20,704
General government	104,968		0		104,968		123,955	123,955	18,987
Business type activities	0		138,300		138,300		155,085	155,085	16,785
Total disbursements	927,049		138,300		1,065,349		551,180	1,076,180	10,831
Excess (deficiency) of receipts over (under) disbursements	(225,779)		94,799		(130,980)		74,672	74,672	(205,652)
Other financing sources, net	301,815		0		301,815		0	0	301,815
Excess of receipts and other financing sources over disbursements and other financing uses	76,036		94,799		170,835		74,672	74,672	96,163
Balances beginning of year	198,528		104,574		303,102		330,214	330,214	(27,112)
Balances end of year	\$ 274,564		199,373		473,937		404,886	404,886	69,051

See accompanying independent auditor's report.

CITY OF LOWDEN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$ 525,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements exceeded the budgeted amounts in the public works and culture and recreation functions.

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF LONDON
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 As of and for the Year Ended June 30, 2007

	Special Revenue					Permanent		Total
	Road Use Tax	Volunteer Fire	Friends of the Library	Lowden Memorial Park	Cemetery Perpetual Care			
Receipts:								
Use of money and property	\$ 0	5	208	1,033	0	0	1,246	
Intergovernmental	66,176	0	0	0	0	0	66,176	
Miscellaneous	0	0	0	25,749	30	30	25,779	
Total receipts	66,176	5	208	26,782	30	30	93,201	
Disbursements:								
Operating:								
Public works	82,048	0	0	0	0	0	82,048	
Culture and recreation	0	0	0	24,252	0	0	24,252	
Total disbursements	82,048	0	0	24,252	0	0	106,300	
Excess (deficiency) of receipts over (under) disbursements	(15,872)	5	208	2,530	30	30	(13,099)	
Other financing sources:								
Operating transfers in	0	8,813	0	0	0	0	8,813	
Net change in cash balances	(15,872)	8,818	208	2,530	30	30	(4,286)	
Cash balances beginning of year	23,117	143	6,618	14,782	19,347	19,347	64,007	
Cash balances end of year	\$ 7,245	8,961	6,826	17,312	19,377	19,377	59,721	
Cash Basis Fund Balances								
Unreserved:								
Special revenue funds	\$ 7,245	8,961	6,826	17,312	0	0	40,344	
Permanent fund	0	0	0	0	19,377	19,377	19,377	
	\$ 7,245	8,961	6,826	17,312	19,377	19,377	59,721	

See accompanying independent auditor's report.

CITY OF LOWDEN
SCHEDULE OF INDEBTEDNESS
Year Ended June 30, 2007

Schedule 2

Obligation:	Date of Issue	Interest Rate	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Accrued Interest
Revenue note anticipation loan:									
Day care facility construction	Varies	4.25%	\$ 319,415	17,600	301,815	0	319,415	0	4,599
Bank loan:									
Baseball diamond lights	Jul 10, 2003	5.00%	\$ 47,970	16,754	0	16,754	0	879	0

See accompanying independent auditor's report.

CITY OF LOWDEN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency Pass-Through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Community Facilities Loans and Grants	10.766	-	\$ 296,952
Indirect:			
U.S. Department of Housing and Urban Development			
Iowa Department of Economic Development			
Community Development Block Grants/State's Program	14.288	05-CF-019	277,403
Total			<u>\$ 574,355</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Lowden and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

See accompanying independent auditor's report.

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the City of Lowden, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated January 11, 2008. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed qualified opinions since we were unable to satisfy ourselves as to the distribution by activity of the cash basis net assets and by fund of the cash balances at July 1, 2006. Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Lowden's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lowden's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Lowden's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency as well as a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Lowden's ability to initiate, authorize, record, process, or report financial data

reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Lowden's financial statements that is more than inconsequential will not be prevented or detected by the City of Lowden's internal control. We consider the deficiency in the internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Lowden's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that item II-A-07, a significant deficiency, is also a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lowden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Lowden's responses to findings in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Lowden's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Lowden and other parties to whom the City of Lowden may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Lowden during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

January 11, 2008

Dietz, Donald & Company

Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the compliance of the City of Lowden, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. The City of Lowden's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Lowden's management. Our responsibility is to express an opinion on the City of Lowden's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lowden's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Lowden's compliance with those requirements.

In our opinion, the City of Lowden complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Lowden is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Lowden's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order

to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lowden's internal control over compliance.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Lowden and other parties to whom the City of Lowden may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Elkader, Iowa

January 11, 2008

Dietz, Donald & Company
Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

CITY OF LOWDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

PART I: Summary of the Independent Auditor's Results:

- (a) Qualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles; because we were unable to satisfy ourselves as to the distribution by activity of the cash basis net assets and by fund of the cash balances at July 1, 2006.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, and it was a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no findings that are required to be reported with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 10.766 - Community Facilities Loans and Grants.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
- (i) The City of Lowden did not qualify as a low-risk auditee.

CITY OF LOWDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

PART II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07- Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties which are incompatible. The cash receipts listing, bank deposits, utility billings and the posting of cash receipts are all done by the same person. Additionally, the check writing, opening of mail, bank reconciliations and the posting of cash disbursements are all done by the same person.

Recommendation - We realize segregation of duties is difficult with only one office employee. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will review the control procedures and segregate duties to the extent possible with existing personnel and utilizing administrative personnel and elected officials to provide additional control through review of financial transactions and reports.

Conclusion - Response accepted.

INSTANCES ON NON-COMPLIANCE:

No matters were reported.

CITY OF LOWDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

PART III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were noted.

CITY OF LOWDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

PART IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget - Disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the public works and culture and recreation functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - Although the City amended its budget, it should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed budget.

Response - The City will insure that future budget amendments are made in sufficient amounts so that disbursements will not exceed budget.

Conclusion - Response accepted.

IV-B-07 Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-07 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-07 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
James Olsen, Council Member, owner of Olsen's	Pressure washer, parts and supplies	\$ 1,972
Lisa Decker, Council Member, partner in Two Friends Gift & Flower	Plants and flowers	68
Robert Madden, Council Member, spouse of Connie Madden	Potato salad	250

In accordance with Chapter 362.5(11) of the Code of Iowa these transactions do not appear to represent a conflict of interest since total transactions with each of the Council Members were less than \$ 2,500 during the fiscal year.

IV-E-07 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-07 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-07 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-07 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The City should obtain and retain an image of both the front and back of each cancelled check as required.

Response - We will discuss this with the bank to see if this is possible.

Conclusion - Response accepted.

IV-I-07 Tax Increment Financing - The City recorded tax increment financing collections directly to the General Fund.

Recommendation - Chapter 403.19(2) of the Code of Iowa requires these collections to be allocated to and when collected be paid into a special revenue fund of the municipality to retire debt incurred. The City should record the receipt of tax increment financing monies in a Special Revenue Fund of the City and then disburse the funds by transfer to the appropriate fund for the retirement of debt.

Response - The City will establish a Special Revenue Fund for the TIF collections.

Conclusion - Response accepted.